

BUSINESS PROGRAMS

FY 98 CORPORATE REPORT

FINANCIAL PERFORMANCE ¹

Programs	NIBD 97	NIBD 98	Net Change
ITR	118,961	156,532	31.6%
Off Clubs	1,193,669	732,858	-38.6%
Come Clubs	434,775	228,982	-47.3%
G/House	291,876	200,514	-31.3%
Cabins	51,318	16,137	-68.6%
Marina	149,054	163,056	9.4%
Stable	8,002	3,038	-62.0%
Flying Club	38,166	8,349	-78.1%
Golf	1,205,181	985,630	-18.2%
Sup Bingo	101,076	91,041	-9.9%
Rec Equip	99,972	94,874	-5.1%
Bowl > 12	240,143	154,136	-35.8%
RV Lot	14,240	104,271	632.2%
Total	3,946,433	2,939,418	-25.5%

Business Programs decreased their Net Income Before Depreciation (NIBD) \$1,007,015 or 25.5%. The Net Profit Margin decreased from 12.6% to 9.0% or 25.5% from FY 96. This decrease mirrors NIBD and Net Profit Margin for FY 96. The largest contributors to this decrease were officers' clubs (\$460,811), golf (\$291,551) and community clubs (\$205,793).

Programs	REV 96	REV 97	Net Change
ITR	1,124,486	1,026,018	-8.8%
Off Clubs	12,910,932	11,800,143	-8.6%
Com Clubs	7,633,530	7,737,175	1.4%
G/House	1,159,250	1,117,434	-3.6%
Cabins	123,116	81,022	-34.2%
Marina	410,819	427,543	4.1%
Stable	46,367	40,386	-12.9%
Flying Club	212,134	239,718	13.0%
Golf	6,728,119	6,878,324	2.2%
Sup Bingo	420,879	432,549	2.8%
Rec Equip	174,258	165,552	-5.0%
Bowl > 12	2,095,017	2,091,860	-0.2%
RV Lot	119,450	302,113	152.9%
Total	33,158,357	32,339,837	-2.5%

Business Programs decreased their Net Revenue by \$818,520 or 2.5% from FY97. The largest contributors to this decrease were officers' clubs (\$1,110,789) and information, ticketing, and registration (ITR) (\$98,468), cabins (42,094), and Guesthouses (41,816).

After a slight increase of 1% in labor from FY 96 to FY 97 in the aggregate, labor cost increased a significant \$752,104 or 5.5% in FY 98 in category C Business Programs. The increase in labor cost in conjunction with a \$723,111 decrease in revenue is the major cause in the \$1,232,334 decrease in business programs.

All MDW installations had significant decreases in NIBD for business programs from FY 97. Fort Belvoir decreased \$409,313 or 30.0% to \$956,535 from FY 97. There were two main contributors to this decrease. The Fort Belvoir Officers' Club was the largest contributor, decreasing \$428,222 or 105.9% to record a loss of \$23,732. This was caused by a major construction project in the club which was completed late this Fall. The bowling center decreased \$80,497 or 98.7%, and basically broke-even with a \$1,083 profit. The center's decline stems from both operational problems in food and beverage, and renovation projects that disrupted play. Fort Belvoir had significant increases in both of their community clubs. The Fort Belvoir Club increased \$145,747 or 96.2%, to end the year with a \$297,234 NIBD, and the Fort A.P. Hill Club posted a \$31,043 NIBD, after losing \$2,086 in FY 97. Another bright spot was the Fort Belvoir Marina,

¹ Financial data is adjusted for BRAC

which continually has posted strong profits and had a record year in FY 98 when it increased NIBD \$14,002 or 9.4% to \$163,055.

Fort Meade decreased \$359,164 or 30.1% to \$834,115 from FY 97. There were three main contributors to this decrease. The golf operation was down \$162,537 or 22.7% due to approximately 7,000 fewer rounds played caused by the construction of the golf range. The new Sports Zone Restaurant also had a significant impact on the bottom line losing \$79,907 in its first year of operation. The Fort Meade Officers' Club continued its downward trend over the last couple of years. This year the club was down \$59,795 or 213.3% to record a loss \$31,757 for FY 97. The bright spot for Fort Meade is the continued excellence of bowling program. After winning the Army's Excellence in Management Award for Bowling Centers in 1997, the program had another stellar year in FY 98, bringing in \$176,863 in profit.

Fort Myer had the smallest percentage decrease of the four installations. Their NIBD dropped \$180,136 or 18.3% to \$804,730. There were two main contributors to this decrease. The most significant contributor was the community club that decreased \$166,471 or 153.4%, to record a loss of \$57,949. This loss was due to operational problems and not associated with construction or renovation projects. The second contributor to a much lesser degree was the golf operation at Fort McNair that decreased \$22,452 or 76% to \$29,552. The bowling operation continued to struggle, losing \$23,809 in FY 98, with the addition of a new Strike Zone Theme Restaurant and an increased marketing effort, this trend should improve for FY 98. The Fort

Myer and McNair Officers' Clubs combined to produce an NIBD of \$788,345, a solid \$27,203 improvement over FY 97.

Fort Hamilton decreased \$96,004 or 33.9% to \$187,502 from FY 98. There were two main contributors to the decrease. The Fort Hamilton Community Club was the largest contributor, decreasing \$138,315 or 78.2% to record a profit of \$38,562. The total revenues for the club were approximately equal to FY 97, while all other operational expenses increased causing the significant decrease. The guesthouse decreased \$56,174 or 45.3% to \$67,777. This was caused by a \$38,673 decrease in income and a \$22,674 increase in labor. The bright spot for Fort Hamilton was their special events program. They went from a negative \$17,322 in FY 97 to a positive \$81,163 in FY 98, a \$98,485 or 568.6% increase.

PROGRAMS

Business Programs

Officers' Clubs
NCO/Enl Clubs
Golf Courses
Bowling Centers
Community Clubs
Guesthouses
Cabins and Cottages
Marina, Riding Stables, Super Bingo,
and Recreation Equipment Rental, ITR

Additional Responsibilities

Marketing
Customer Service
MWR Financial Review and Analysis
Food and Beverage Theme Operations
Recycling

NEW INITIATIVES

Food & Beverage Theme Operations

Theme Restaurants were developed by CFSC to give installations a franchise-type restaurant package similar to commercial-type operations. Ft. Myer has received CFSC funding of \$180,000 for Strike Zone theme operations in their bowling centers at Fort Myer. The funding agreement for these operations is an 80-20 split. This obligates Ft. Myer to provide \$50,000 of the total \$230,000. The project was completed and the new restaurant opened in December 99.

Total Quality Customer Service

In an effort to increase the quality of customer service in MWR Programs, the Board of Directors (BOD) instructed CFSC to develop an Army-wide customer service training program. "Operation Excellence" the customer service program developed by FORSCOM, has been adopted, but is not mandatory for Army customer service training. CFSC Training Center has developed a "Train the Trainer" program that was rolled out to the installations in FY 98.

Benchmarking

The development of benchmarks by CFSC to be used as a management tool in strategic planning and budgeting have been completed for golf, food and beverage, and bowling in FY 98. The third iteration of the benchmarks is currently being staffed. The benchmarks provide a continuous, systematic process for evaluating the products, services, and work processes of organizations that are recognized as representing outstanding practices for the purpose of organizational improvement.